



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

Georgie, here is the report we promised you

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B-168700

AUGUST 23, 1979

The Honorable Lucien N. Nedzi
Chairman, Subcommittee on Military
Installations and Facilities
Committee on Armed Services
House of Representatives

HSE 00503



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The Honorable Allen E. Ertel
House of Representatives

Subject: [Review of Planned Realignment of Fort Indian-
town Gap, Pennsylvania] (LCD-79-329)

This is in response to your requests for a review of the economic justification for the Department of Defense's decision of March 29, 1979, to terminate (active Army use of Fort Indian-town Gap, Pennsylvania, and to pass control of the installation to the Commonwealth of Pennsylvania. The garrison at Fort Meade, Maryland, would assume the area support mission from Fort Indiantown Gap.)

The request from the Chairman, Subcommittee on Military Installations and Facilities, was dated April 10, 1979. In order to be able to brief the Subcommittee on May 18, 1979, we limited our review to the most significant cost and savings items. The following appraisal is provided within the context of the limited scope and time frame of our review.

The basis for the realignment decision was an Army study performed in 1976. The results of the study were provided to us in the official format of an Army case study and justification folder.

Our (review of the study disclosed data changes, errors, omissions, and questionable procedures that caused us to challenge the use of the study as a basis for the decision. According to the Army's estimates, the change in the status of the fort would result in one-time costs of about \$2.2 million, annual savings of about \$2.9 million, and elimination of 310 civilian and 128 military positions.)

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REDUCED NUMBER OF POSITIONS SHOULD
HAVE REDUCED ESTIMATED SAVINGS

Due to reductions of authorized civilian positions at Fort Indiantown Gap after the 1976 study, ~~but prior to the March 1979 decision,~~ (it appears that 212 rather than 310 civilian positions would be eliminated by the proposed realignment. This significantly reduces the estimated annual savings.)

The 1976 study showed that 612 authorized civilian positions at the fort would be affected by the proposed realignment and that 331 positions would be eliminated. Thus, after realignment, the authorized strength would be 281 positions. Of these, 270 would be assigned to Fort Meade and 11 would remain at Fort Indiantown Gap.

Since the 1976 study, and prior to the March 1979 decision, the number of authorized civilian positions in the affected units had been reduced from 612 to 514. The reduced authorized positions of 514, minus the after-realignment strength of 281, results in an elimination of 233 positions from the affected units. Because 21 of the positions were rehired, the net elimination would be 212 rather than 310.

BUDGETED COSTS EXCEEDED
ACTUAL COSTS BY \$1 MILLION

The study documentation showed that fiscal year 1976 budgeted costs of about \$24 million were compared to estimated after-realignment costs to determine the estimated annual savings. This is reasonable as long as the actual costs do not vary significantly from the budgeted costs. At the time of the decision, however, the Army knew that for the affected units, the fiscal year 1976 actual costs were about \$1 million less than the budgeted costs. Nonetheless, it directed that the study be updated in 1977 using the higher budgeted costs. Thus, the Army knew that the savings shown in the study could be significantly overstated. Its rationale was that to have used the actual costs for the base year would have required a complete revision of the study rather than a simpler updating.

The (annual savings were estimated to be about \$2.9 million on the basis of budgeted costs. We believe it would have been prudent to have determined the cause of the variance between budgeted and actual costs and disclosed any significant effect on the estimated annual savings.)

THE STUDY UNDERSTATED
AFTER-REALIGNMENT COSTS

-training schools, but

(The base year costs contained in the study included costs for support of the Command and General Staff Officers School, the Military Occupational Specialty School, and the Non-commissioned Officer Academy. The study indicates that the after-action workload excludes these schools because they would be relocated to other installations. Army Forces Command officials stated (the study shows no costs after realignment for these schools because a decision has not been made as to where the schools would be located.)

Army officials agreed the costs to operate, after realignment, were understated because some adjustment should have been made to reflect the costs to support the schools. They stated, however, that the amount of such costs would depend upon where the schools were located. Therefore, they did not attempt to estimate the costs.

INAPPROPRIATE DETERMINATION OF
PROJECTED ENGINEERING COSTS

(To project the after-realignment costs (for the Adjutant General of Pennsylvania) to operate the base, Army officials determined the base operations costs per staff-year for 1976 based on 1975 costs, adjusted for inflation. They then applied this figure to the estimated training staff-years to be supported by the Adjutant General of Pennsylvania after realignment.) This procedure appears acceptable except for the following questionable actions:

- Pennsylvania National Guard units on base were included in the total 1976 workload units in determining the engineering cost. However, these units were excluded in the determination of total after-realignment costs to be incurred by the Adjutant General of Pennsylvania.
- Fort Indiantown Gap garrison activities were included in the 1976 workload units (as above), but the Adjutant General units expected to perform the garrison functions after the realignment were excluded in the computation of after-realignment costs.

Adjuvant
The Adjutant General of Pennsylvania provides most of its own engineering services and therefore did not receive

a proportionate share of the engineering support provided in 1976. Additionally, the Adjutant General reimbursed the Army for utilities--the primary engineering support received. Therefore, we believe the Adjutant General workload and the reimbursement for utilities should have been excluded from the staff-year cost determination. Also, to reflect the total engineering costs to be incurred by the Adjutant General after the realignment, the 182 additional Adjutant General employees taking over the garrison function should be included in the after-realignment cost determination.)

The effect of these actions were to underestimate the costs to operate after the realignment and consequentially overstate the estimated annual savings by about \$1.3 million.)

OTHER MATTERS WHICH COULD
AFFECT ESTIMATED SAVINGS

Our review also disclosed several other cost factors on which the Army and the Adjutant General of Pennsylvania have not agreed. The differences should be resolved to provide a sound basis for a decision on the proposed realignment. Some of the factors are:

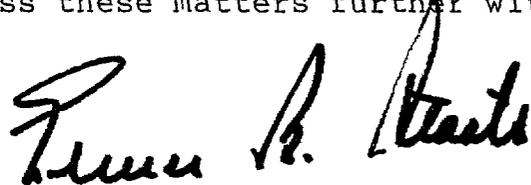
- The number of civilian employees needed by the Adjutant General of Pennsylvania to assume responsibility for the garrison function at the fort. The Army Inspector General recommended 214 positions. The Army, however, allowed only 182 positions.
- The number of civilian employees needed at Fort Meade. Fort Indiantown Gap officials believe that the estimated costs at Fort Meade after realignment are not adequate for the part-time employees needed to support the annual training workload. Fort Meade officials have already indicated they need at least 27 additional employees to handle the projected workload.
- The cost of troops' rations after realignment. Fort Indiantown Gap officials believe that elimination of the Troop Issue Commissary will result in more than \$1 million in costs for troops to obtain rations on the local economy. The Army has acknowledged that about \$201,000 in additional costs may result, but it did not include that amount in the after-realignment costs.

--The exclusion of various miscellaneous costs. Fort Indiantown Gap officials said that various miscellaneous costs totaling approximately \$400,000 annually have not been included in after-realignment costs.

On May 18, 1979, we briefed your staff and advised them that we believed the Army study should be revised before committing additional resources to the question of whether the decision was economically justified. We also discussed these matters with Department of the Army officials who acknowledged the need for significant revisions to the study. Pending revisions, they have suspended action on the move. They also voided previously ordered reductions in authorized spaces at the fort which were to have been made by the end of fiscal year 1979 in anticipation of the realignment.

Army officials informed us on July 23, 1979, that they were still assessing the Fort Indiantown Gap situation and that you will be informed of their decision through their established congressional liaison procedures.

We will be glad to discuss these matters further with you if you wish.



Comptroller General
of the United States